

Testimony Submitted to the Education Committee
March 1, 2019HB 7150: An Act Implementing The Governor's Budget Recommendations Concerning
Education.

Senator McCrory, Representative Sanchez, and members of the Education Committee,

My name is Dr. Greg Florio, and I serve as the Executive Director of the Capitol Region Education Council (CREC). CREC manages transportation for Sheff programs under a contract with the State Department of Education (SDE)'s Regional School Choice Office. These transportation services are essential in order for the state to meet the conditions of the Sheff Settlement Agreement. CREC has served in this capacity on behalf of the state for ten years.

SDE collaborates with the legislature annually to update statutes that authorize SDE to reimburse CREC for the cost of transporting Sheff students. CREC strongly supports **Section 2 of House Bill 7150**, which makes permanent the base grants and the supplemental payment for Sheff transportation. Making these statutes permanent will help to avoid a situation like the one that happened a few years ago when the sun-setting date for the per pupil magnet school transportation grant was inadvertently missed when updating other dates in statute. This caused the Sheff per-pupil grant amount to revert to the \$1,300 non-Sheff level and created significant payment issues with Sheff transportation vendors. **Section 2** ensures that this will not happen again.

In addition to this change, CREC recommends that the legislature increase the amount of the base Sheff transportation grant to reflect current day standard costs for transporting students. The current statutory rate is \$2,000; however, the cost per pupil in 2017-18 was closer to \$3,800. Updating this amount would reduce the scale of the supplemental payments owed to the transportation provider.

In addition, CREC supports the portion of **Section 2** that extends the historical timeline for payments of the Sheff Supplemental Transportation grant. This timeline allows for the initial seventy per cent payment to be made on or before June 30, and the balance payment to be made on or before September 1.

However, the current language requires the completion of an audit prior to the state paying supplemental transportation for services rendered during the previous school year. This should be changed to allow for payment of supplemental grants using the timeline proposed in HB7150, but then require an account balance adjustment following the completion of an audit. There is insufficient time to allow for the transportation system to be audited, given that CREC's mandatory organizational audit must be completed prior to the transportation audit. We recommend a deadline of November 1 for this audit.

CREC values our long-standing relationship with the state. We ensure that nearly 14,000 students participating in Sheff programs receive reliable, high-quality transportation. The proposed legislation will ensure that CREC is able to continue to serve as the transportation manager for Sheff programs.